

**MINUTES OF THE OCTOBER 31, 2012, MEETING
OF THE BUDGET & FINANCE COMMITTEE
OF THE GOVERNING BOARD OF THE
ILLINOIS HEALTH INFORMATION EXCHANGE AUTHORITY**

The Budget and Finance Committee (“Committee”) of the Board of Directors (the “Board”) of the Illinois Health Information Exchange Authority (“Authority”), pursuant to notice duly given, held a meeting at 2:15 p.m. on October 31, 2012, at the offices of the Office of Health Information Technology (“OHIT”), State of Illinois James R. Thompson Center, 100 W. Randolph, Suite 2-201, 100 W. Randolph Street, Chicago, IL 60601.

<u>Committee Members Present</u> Mr. Mark Neaman (by telephone) Dr. Bruce Wellman (by telephone) Dr. Cheryl Whitaker (by telephone)	<u>OHIT Staff Present</u> ILHIE Executive Director – Raul Recarey (by telephone); Mark Chudzinski; Mary McGinnis (by telephone); Sanjay Patel; Jeremy Kohn (Legal Intern)
<u>Committee Members Absent</u> HFS Director – Julie Hamos	

Roll Call

Mr. Chudzinski, Secretary of the Board, confirmed the presence of the Members of the Committee noted above, and that a quorum was present. The ability of participants to clearly participate by telephone was confirmed.

Approval of Minutes

The minutes of the meeting of the Committee of October 16, 2012 were approved with no corrections.

Update on the ILHIE Project Plan

Mr. Recarey described the services that the ILHIE can provide to connected organizations. As discussed at the October 16 meeting, the original two levels of ILHIE services (ILHIE Direct and robust HIE services) will be divided into seven. Mr. Recarey indicated that market research suggests that different organizations are interested in different combinations of services, not necessarily all robust HIE services as a one complete package.

Update on the ILHIE Business Model

Mr. Recarey presented a draft price list of annual fees for different types of organizations to connect to the ILHIE. He noted that ILHIE pricing is aligned with similar HIEs in neighboring states, so there would not be a major price differential among states. He also noted that the cost

of connection per unit would decrease over time, which is very important for long-term sustainability of the ILHIE.

In general, the draft pricing sheet is based on the idea that fees charged to an organization must cover the expected cost of providing HIE services to that organization. Therefore, the fees would correlate with factors expected to increase the expense of providing HIE services, such as an organization's size and technical complexity. These factors would be measured using proxies such as an organization's number of providers, hospital beds, patient records, payer-covered lives, and connection points with the ILHIE.

Mr. Recarey also presented specific numerical examples of the connectivity fees that certain organizations might pay under this pricing scheme. These numbers are based on the responses, by some of ILHIE's test partners, to the question of what the HIE services would cost them.

However, Mr. Recarey argued that since each organization is unique, and since there are still uncertainties in the costs of providing HIE services, a single pricing structure would not adequately address every situation. He therefore requested from the Committee the flexibility to negotiate with each organization on an individual basis, at least in the early stages. Mr. Neaman pointed out the need for treating similar organizations similarly, for the sake of fairness, but acknowledged the difficulty in defining "similar."

Mr. Recarey noted that federal funding for the ILHIE may not continue after 2014. This implies that the ILHIE may enjoy resources for developmental activities which benefit the onboarding of organizations that connect to the ILHIE in the near future, but not necessarily for those that connect afterwards.

Mr. Neaman raised the issue of revenue for the ILHIE's long-term sustainability, and observed that no insurers or other payers are participating in the ILHIE as of yet.

Regional HIEs

Since organizations would probably be reluctant to pay two connection fees (statewide plus regional), the regional HIEs in Illinois may only be viable if they can produce value beyond the services that the statewide ILHIE would provide.

The regional HIEs and the ILHIE may be able to play different and complimentary roles. In terms of services for providers and other users, the ILHIE could provide access to information including the Master Patient Index, the Master Provider Index, the Medicaid information system, the Public Health Node, and later the Illinois health insurance exchange. The ILHIE could also contribute to the now-developing integrated eligibility system for the state's human services departments. Meanwhile, the regional HIEs could provide local information exchange services, and could serve as an intermediary to connect providers with the ILHIE.

Also, in terms of the functional roles of the statewide and regional HIEs, the ILHIE could provide the technical backbone to interconnect the regional HIEs while the regional HIEs provide the necessary administrative services. Also, the regional HIEs could lower the ILHIE's

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connection costs by providing a single point of connection between the ILHIE and many local ILHIE users.

Preparation for ILHIE Authority Board Meeting

Mr. Recarey and Mr. Patel received approval from the Committee to develop a principles-based pricing strategy to present to the ILHIE Authority Board at its November 14 meeting. Once approved by the Board, the strategy document could be used as the basis for one-on-one negotiations with potential users of ILHIE services.

This principles-based pricing strategy would define the relevant market, stratify it into types of organizations (a.k.a. revenue categories), and then apply a reasonable pricing approach to each category. The pricing principles would be based on the anticipated costs of providing HIE services, and would depend on the assumptions of the business case (for example, that the cost would be higher for large organizations or those with multiple connection points).

The strategy presented to the Board will include principles only, rather than specific numbers, dollar amounts, or percentages.

Public Comment

There were no comments offered from the general public.

Adjournment

The meeting was adjourned at 3:08 p.m.

Minutes submitted by Jeremy J. Kohn, Legal Intern